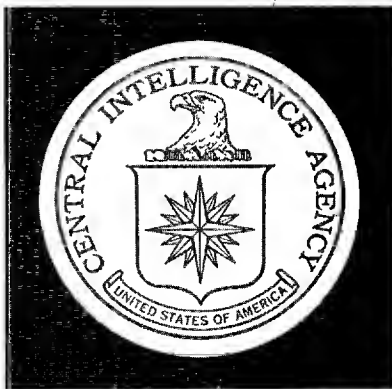


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DIA and DOS review(s) completed.

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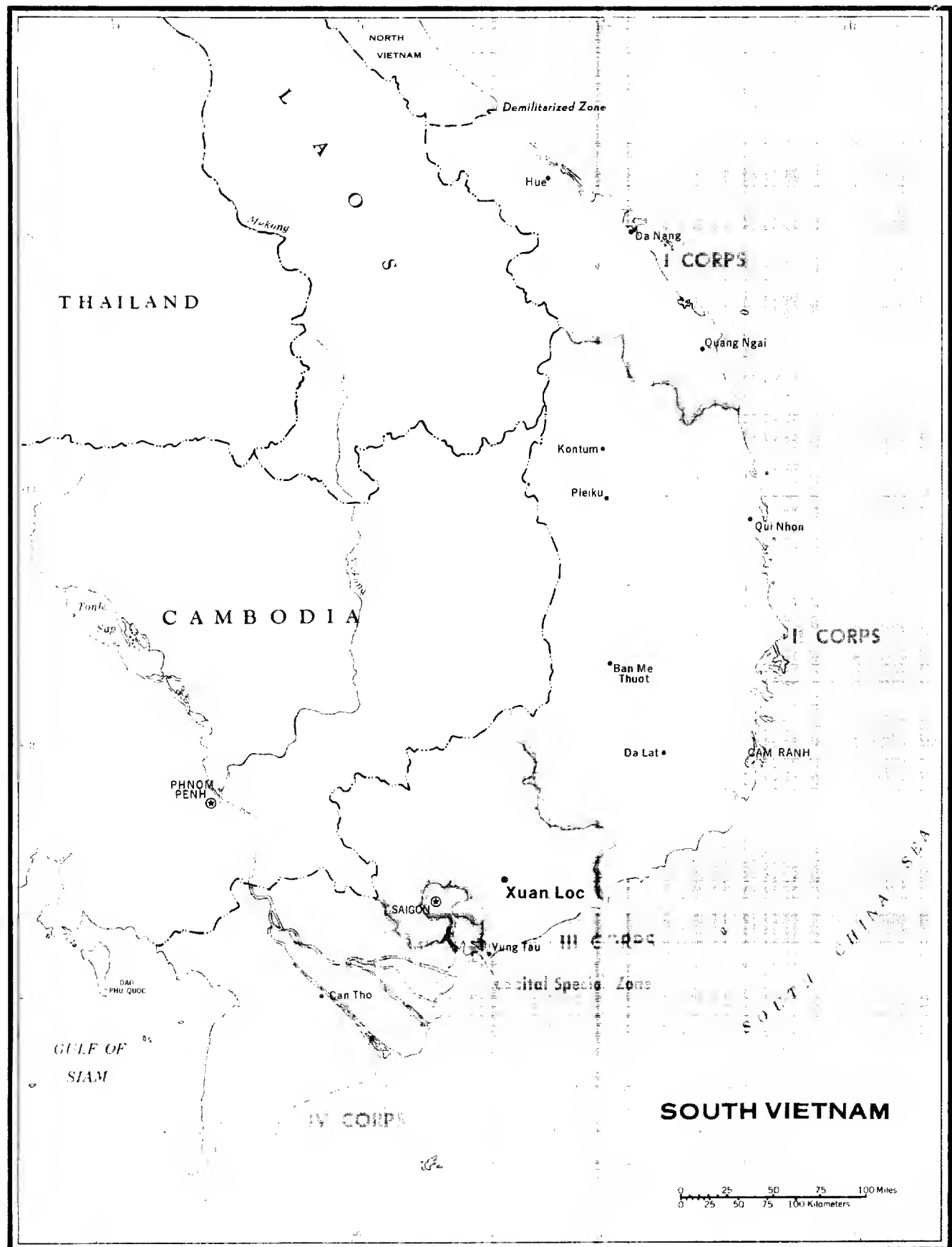
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South Vietnam: Communist-initiated military activity remained at a low level on 22-23 June.

Although most of the weekend action was concentrated in the southern section of the country, Saigon was quiet. No ground fighting or Communist shellings were reported within the capital itself. The most significant ground fighting occurred on 22 June when a South Vietnamese infantry battalion was ambushed north of Xuan Loc. Losses were heavy on both sides: the South Vietnamese suffered 48 killed and 57 wounded, and a subsequent sweep of the battlefield revealed 76 enemy dead.

* * * *

The Buddhists have launched a new peace campaign, with militant and moderate factions vying for the spotlight.

On 22 June, militant leader Thich Tinh Khiet released a statement calling for an immediate cease-fire and castigating the North Vietnamese for the indiscriminate shelling of Saigon. Khiet's appeal, which also took a veiled swipe at allied military operations, may have been timed to get the jump on a moderate-sponsored prayer meeting and press conference already scheduled for the following day.

Cast in neutral terms and addressed to Saigon as well as to Hanoi, the moderates' call for peace on 23 June, like the militants' earlier statement, nevertheless made it clear that the onus was on North Vietnam for not matching allied de-escalation. The moderates refused, however, to commit themselves on various suggestions for achieving a peaceful solution to the war and hedged on the possibility of a coalition government.

The Buddhist campaign comes at a time when there is increasing discussion among leftist students]

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[and some politicians about the consequences of continued fighting and the need for a prompt end to the bloodshed. A recently formed labor organization, for example, has petitioned President Thieu for an end to what it described as careless and indiscriminate allied air and artillery strikes in Saigon and the countryside.]



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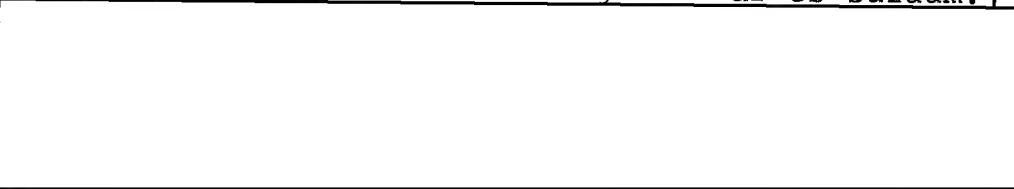
Tanzania-UK: [New British aid cuts to Tanzania will further reduce the Western presence there at a time when Communist influence is growing.]

[London announced on 20 June that it will halt aid to Tanzania in reprisal for the latter's annulment of a preindependence agreement whereby Dar es Salaam has been paying some \$2.8 million a year in pensions to British colonial civil servants.]

[London has provided little or no capital development support since President Nyerere broke relations over the Rhodesian issue in late 1965. Continuing technical assistance, however, has amounted to about \$4 million annually and has supported nearly 700 UK nationals throughout the Tanzanian civil service, including 180 in education. London apparently intends to bring home most of them as their contracts expire.]

[The departure of the British technicians, who totaled 1,200 in 1965, will further strain Tanzania's understaffed civil service. It is in line with Nyerere's continuing efforts to reduce Western influence in his administration, however, particularly in the educational system.]

[To help fill the void, Nyerere reportedly intended to ask Peking to supply Chinese personnel. East Germany has already sent about 40 secondary school teachers. Earlier this month, a Tanzanian minister flew to Moscow to seek aid in building and staffing a technical university to replace the small, USAID-assisted technical college in Dar es Salaam.]



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Canada: [Prime Minister Pierre Trudeau's Liberal Party has a good chance to win a small parliamentary majority in Tuesday's voting.]

[The latest polls give the Liberals some 46 percent of the vote, enough to take a majority of the 264 seats. Three major parties and two minor ones are in the race. On the other hand, a district by district assessment by the embassy indicates that the Liberals will fail narrowly to win a majority and will have to continue as a minority administration as they have been for the past five years.]

[Trudeau has roused the voters, and images as well as issues have played an important part in the campaign. In contrast to that of Progressive Conservative leader Robert Stanfield, the Trudeau effort has been well organized. The prime minister's personal style of campaigning has attracted record crowds.]

[Trudeau has kept the campaign focused on issues of his choosing--national unity and foreign policy--and has succeeded fairly well in downplaying Canada's economic problems, on which the Liberals are most vulnerable. All three major party leaders have supported a comprehensive review of Canada's foreign and defense commitments, and have favored recognition of Communist China.]

[Third parties pose the most serious threat to the Liberals. The leftist and urban-based New Democratic Party is expected to add a few seats to the 22 that it now holds. The New Democrats have made attacks on US investment in Canada a central theme of their campaign. Trudeau and Stanfield have virtually ignored the issue, however, and, unlike some previous elections, anti-Americanism has not been a significant factor in this one.]

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[A minor French Canadian party may take seats from the Liberals in rural Quebec, one of the few areas where Trudeau has not caught on. His strong profederation position on the issue of granting greater authority to the province and his reputation as a social reformer have hurt him in that area.]

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Uruguay: President Pacheco intends to take firmer action against labor leaders and other agitators responsible for the current wave of disorders.

The President reportedly has cabinet and military backing for an intended crackdown on leaders of the Communist-controlled National Workers' Convention.



It is not clear how effective Pacheco's measures will be. If the government does not move promptly to alleviate the chaotic economic conditions, punitive measures against labor and student agitators might only set off more widespread violence.

In the past, the government has been unwilling or unable to impose significant sanctions on key labor leaders. Much of the present agitation is caused by economic grievances and the PCU is often unable to dissuade more militant workers from active protest. [The party reportedly has decided that it must now assume more vigorous leadership of the protests if it is not to be displaced by other more radical groups.]



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Chile: The disruption at the University of Chile continues.

The administrative structure of the university has resulted in an extreme fragmentation of responsibility and a diffusion of interests in the 13 faculties and ten regional branches. The students and faculty are united at some of the branches but making contradictory demands at others.

Violence broke out early this week between extreme leftists and police in front of the central administration building in Santiago. Earlier, the investigative police had entered and searched university television studios following reports that Molotov cocktails were being stored there.

Some observers predict that university functions will be back to normal by next week, but this would only mean that short-term solutions have been found to some problems. Congress has begun to consider the government's higher education bill, which, if passed, would be a start toward the needed long-term reforms.

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India: [Internal strains within the radical left Communist Party (CPI/L) may be leading to a formal organizational split and possibly the emergence of a third Communist party.]

[Four important dissident leaders recently have been expelled from the CPI/L state secretariat in Andhra Pradesh, an area long a major stronghold for the party. The powerful expellees are expected to attract a substantial group of supporters out of the party and in doing so may completely split the state party unit.]

[The Andhra dissidents, already predominant within their own state unit, may now move to join forces with more extremist CPI/L elements in West Bengal and elsewhere in a national split reminiscent of the 1964 break between the CPI/Leftists and the pro-Moscow CPI/Right. Serious negotiations between the Andhra dissidents and the extremists toward formation of a third Indian Communist party have been taking place for several months. The Andhra leaders, however, appear to have been waiting until they were expelled from the CPI/L before moving ahead with third party plans. Expulsion, they reportedly believe, would win them more sympathy, and thus more support from party cadres, than simply quitting.]

[Formation of a third Communist party out of the various extremist and dissident factions within the CPI/L could prove very difficult. The leadership of the Andhra group includes a number of capable ideologues and activist veterans whose prestige is far greater than the more radical West Bengal - based extremist leadership. The Bengalis, however, have taken the lead in attacking the official party line and are unlikely to settle for a secondary role in any new party. Moreover, there appear to be significant differences in ideology and attitude, with the extremists much more slavishly pro-Peking than the more pragmatic Andhra group.]

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Denmark: [The finance committee of the Danish Parliament approved on 18 June the purchase of a second squadron of 23 Swedish J-35 Draken aircraft. This purchase is for the reconnaissance version of the Mach 2 plane. A fighter-bomber version was ordered in March. Delivery of the second squadron, which will cost about \$26.4 million, will begin in mid to late 1971, after the \$34-million contract for the fighter-bombers is filled.]

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Spain: The Franco government is showing continued concern over the possible spread of political unrest in France and elsewhere. Monarchist celebrations planned for 22 and 24 June in a number of Spanish cities were abruptly canceled. In recent months, the government has been quick to ban meetings that might develop into political problems.

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Philippines-Malaysia: The prospects for a negotiated solution to the Sabah dispute are dim at this time. Talks that began in Bangkok on 17 June have been taken up with wrangling over procedural preliminaries and there are no indications that either party intends to give ground. The Philippine side appears to be relying on stalling tactics--Manila has sent a poorly prepared delegation and has given it little authority to make decisions.

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